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ABSTRACT

This issue begins with information on new economic education curriculum materials and includes a conceptual introduction to the relationship between local government and the economy. Following this, four instructional units are provided. The first unit, called "Communities Need Rules," is intended for preschool and kindergarten children. Students play the "rule game," listen to and discuss Maurice Sendak's "Where the Wild Things Are," investigate school rules on littering and running, observe an ant farm for signs of cooperative living, and build a "block town" which features government-furnished services such as a school, a fire station, and a library. In "Kids Who Pay Taxes," the unit for grades 1 and 2, students start their own mini-town where workers pay income taxes from wages earned. In order to build understanding about the benefits of government provided services, the students perform a fully-scripted classroom skit. Third and fourth grade children build "family government shields," investigate private versus public-supported occupations, play a taxation board game, and report on community social service agencies. The fifth and sixth grade unit is about marginal decision-making and cost-benefit analysis and also looks at analyzing the trade-offs incurred by decisions to raise taxes. (JDH)

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Government in the Community

Elementary Economist

Donald J. Curran; and Others

1985

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THEME OF THIS ISSUE

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GOVERNMENT IN THE COMMUNITY

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Look! More for Teachers!

In response to the many requests we've received for teaching materials in addition to *The Elementary Economist*, this issue includes information on the Center's economics education materials. The Center is developing a series of lesson plans and curriculum units for all elementary grade levels (Pre-K, 1-2, 3-4 and 5-6). For further description of the materials available, see Center News, page 2.

Part of the Center's philosophy of materials development is the provision of on-site teacher workshops. Staff workshops not only ensure proper implementation of the teaching materials, but create a stimulating opportunity for the personal and professional development of teachers. School personnel who wish further information on the cost of available materials and teacher training workshops, should contact **The National Center of Economic Education for Children at Lesley College, 35 Mellen Street, Cambridge, MA 02138.**

Center News

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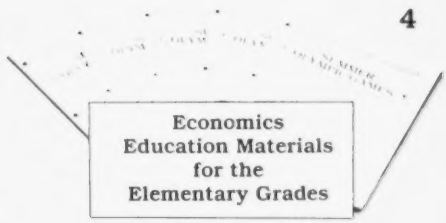

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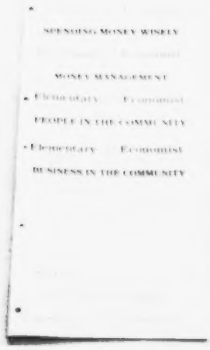

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1. CHILDREN IN THE MARKETPLACE. Economics Lesson Plans Series available for Grade Levels 3-4 and 5-6 (1-2 and Pre-K underway). A problem-solving approach using concrete experiences that teach basic economic themes and their implications.

2. EXPLORING THE COMMUNITY MARKETPLACE. **The Community Publishing Company** — Grades 3-4. A coordinated economics curriculum that involves students, teachers, parents and businesspeople in community-based learning activities. (First in a series.)

3. LEARNING THEORY AND ECONOMICS FORUM PROCEEDINGS. Sponsored by NCEEC, Feb 1982. A theoretical and pragmatic basis for the design and implementation of economic curricular materials for children in early grades.

4. SUMMER OLYMPIC GAMES. *The Elementary Economist*. Special Edition focusing on economic concepts taught through the Olympic Games. Description of NCEEC's **Striving for Excellence Awards Competition** for students.

5. OLYMPIC ECONOMIC LESSONS. A set of six economic lessons (for grades 1-6) that teach concepts such as choice, opportunity cost, investment and externalities through material based on Olympic athletes and events.

6. THE ELEMENTARY ECONOMIST. A journal of in-service teacher material and student activities (Pre-K — 6th Grades) designed to integrate economic themes within the elementary curriculum. Published three times yearly.

Writing Opportunities

The Elementary Economist presents exciting classroom tested activities designed to bring economic themes and thinking skills into the elementary curriculum. As we prepare *The Elementary Economist* for the 1984-85 school year, we encourage you to submit articles for our consideration. Four authors are required for each issue, one for each grade level (Pre-K, 1-2, 3-4, 5-6). Each issue focuses on a specific theme or concept. The themes to be presented in the three issues for this coming year are:

(1) Resources for the Marketplace

(2) Competition in the Marketplace

(3) The International Marketplace

If you are interested in sharing your creative ideas for incorporating economic awareness and decision-making skills in children's lives, please complete the form provided. You will receive further information and clarification on the topics, plus a "Prospective Author" form to complete and return.

The author form provides us with information regarding (a) topics on which you might like to develop a teaching activity article, and (b) whether you would like to be considered as a writer for the issues planned for 1984-85 or for future issues.

Writing for *The Elementary Economist* benefits you professionally and economically. Authors of published articles receive $200 plus consideration in our Awards Competition for the year's best teaching article. Give it a try!

Please complete the form below and send to:
Eleanor Sabini, Editor
National Center of Economic Education for Children at Lesley College
35 Mellen Street, Cambridge, MA 02138

Please print

Name: _____

Home Address: _____

_____

School Name: _____ Grade: _____

School Address: _____

Government in the Community

by Dr. Donald J. Curran

Dr. Donald J. Curran is Adjunct Professor of Economics at Cleveland State University. He has taught at five institutions and has done contract research on government finances for the federal and state governments. Dr. Curran has worked in Economic Education for ten years and is the author of two books and numerous journal articles.

Perhaps we can stand back and try to see government's economic role in a fresh way by asking these three questions:

- Is our relation between government and the economy the only viable one?
- Do all American governments have the same economic functions?
- Do we have to pay for government services the way we do?

Is Our Relation Between Government and Community the Only Viable One?

Anyone who has read cowboy stories knows about the beginnings of our Western towns. Once a cluster of people and buildings appeared, the citizens started talking about forming a "government." After agreeing to collect money (taxes) to hire a marshall, other economic decisions had to be made about transporting cattle or ore, attracting business to locate in the new town, and even starting a school.

All societies establish governments and all must decide on the relation between the government and the economy. As with the Western town, the tradition in our American history has been for the government to stay out of the economy until a consensus of citizens decided there was a specific job for the government to do. Each generation of Americans goes through fresh discussion and debate leading to new consensus on appropriate economic roles for government.

The economic role of a government can vary. Sometimes all means of production are owned and run by a government made up of a particular political party, as in the U.S.S.R. Or, it might be decided that all the large, influential industries should be governmental and all the smaller ones should be private, as in many modern European Socialist societies. Since all of these arrangements are viable, our way is only one of the possible ways.

Do All American Governments Have the Same Economic Functions?

Some visitor from Mars watching CBS or NBC Nightly News might think that there is only one American government — the one in Washington. Actually, there are about 80,000 separate governments in the United States. The fifty state governments and the thousands of local governments (counties, cities, school districts, etc.) have greater economic impact than the Washington (federal) government in two ways: (1) these governments employ a larger civilian workforce than the federal government, and (2) the goods and services they provide touch our daily lives more closely. State and local governments provide such goods and services as schools, libraries, streets and highways, garbage collection, police and fire protection, recreation and water supply. Although the federal government provides services which touch our daily lives many seem more distant to most of us — services like national defense, pollution control, regulation of business, farm programs, etc.

On the other hand, the federal government has greater economic impact than all the other 80,000 governments put together in two ways: (1) it is responsible for the health of the whole economy, and (2) it spends a lot more money.

In 1946, the federal government made itself responsible for the health of the economy; that is, it said it would use its resources to help achieve economic goals like full employment, stable prices, and an improved standard of living. It seeks to achieve these goals by *fiscal policy* (its taxing, spending and borrowing practices) and by *monetary policy* (controlling the total number of dollars available).

How can we say that state and local governments employ more civilian workers than the federal government, and yet the federal government spends a lot more money? One part of the explanation is that the federal government *buys a great deal of goods* (especially military goods) from private companies, so it is Lockheed and General Dynamics, for example, who do the actual hiring of workers and the producing of submarines and airplanes. The other part of the explanation is that the federal government *spends a great deal of its money by giving it to others* — giving it to State highway departments, to the unemployed, to Social Security recipients, and to education, for example.

Do We Have to Pay for Government Services the Way We Do?

There are at least three ways we could pay for government services.

We could ask for *voluntary contributions* from each citizen the way most churches do. The double fear that there would not be enough money for essen-

(continued on back page)

Communities Need Rules

by Caroline W. Massengill

Caroline Massengill is a kindergarten teacher at the Washington Gifted and Talented Elementary School in Raleigh, North Carolina. She is the co-author of Guidebook for Volunteer Kindergarten Parents *and was a consultant for the* Success in Reading and Writing *program.*

Government in the Community

Young children are required to obey rules in many aspects of their lives — home and school being the first places they are exposed to rules. Games children play, stories they read, and "free" time require rules, many times unstated. Problems and confusion can exist when young children are expected to follow rules without knowing why rules are necessary. Children's understanding of the need for rules can be developed through activities related to children's games, school, home, and finally, their community.

Rules are necessary because we live in an interdependent world. Children can grasp the concept of interdependence by creating a "toy" neighborhood in which various government or public service employees need each other. The importance of each member of a community doing his/her specific task for the good of the whole community can be taught through close observation of an insect's community. Such concrete, relevant experiences provide a foundation for concept development and a basis upon which to expand learning.

Student Goals

1. Realize that people living in groups need rules and laws.
2. Realize that rules and laws are part of community life.
3. Experience the democratic process of making rules and laws.
4. Understand that people in communities are interdependent.
5. Realize that people have specific jobs that contribute to the needs of the whole community.

Teaching Activities

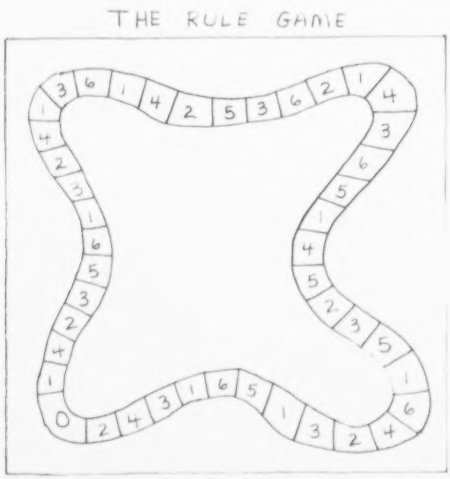
I. Playing Games

decision making • following directions

This activity involves children in situations which require rules. Through these experiences, the necessity of rules in games is made relevant to children.

Play any familiar game with children and have them explain the rules to the teacher. Write the rules on chart paper and talk about their importance. ("*Why* do we play that way?")

Present the children with the following game and one die and let them "attempt" to play without rules. (Do not suggest ways to begin or play.)



This game can be made on tagboard and laminated or made on oilcloth and used as a floor game.

As the game proceeds and problems develop, talk about the need for rules and then help the children develop rules. Write these on chart paper and then allow time for the game to be played again.

II. Story Time

language arts • art • decision making • drama

Part of learning to live in a community is learning about the rules and laws that are part of that community. In this activity, children will become familiar with family rules as well as community rules.

Read the story *Where the Wild Things Are* by Maurice Sendak (Harper and Row, 1963). Discuss and list the rules Max might have to live by in his family. (Review the beginning illustrations: not allowed to hammer nails into walls, not allowed to act wild, and *especially* not allowed to yell at his mother.) "What was Max's punishment?" Expand this to include the kind of rules he would have to live by "where the wild things are" (must act *wild all* the time, "to roar terrible roars," etc.). Have the children make themselves into "wild things" using large grocery bags and "junk" material (yarn, buttons, scrap paper, rick-rack, beans, cotton balls, etc.). Dramatize the story.

PARENT CORNER: *To help children understand the rule-making process involve children in family rule-making; teach the importance of compromise, of listening to others' views and of adherence once rules are made.*

III. School Rules

decision making • language arts • discussion

In this activity, students make rules, discuss them, point out positive and negative aspects, vote on them and evaluate their effectiveness.

Explain to the class that they have been chosen to make rules (or laws) for the school. Have them think of any rule imaginable and write it on chart paper. For pre-schoolers a simple illustration can be made, using stick figures. For example:

"No running"

"No littering"

After many rules have been listed, go back and discuss the first rule. Ask why it is needed and what would happen if the rule is broken. Then vote on that rule separately by having students raise their hands if they want to make it a school rule. (Explanation of voting procedures, majority rules, etc. may be necessary.) Proceed in the same manner with each rule, remembering to consider each separately.

Post these rules on the classroom door and tell the children that they will have to follow these rules for three days. At the end of this time, discuss and evaluate each rule with the students. Help them decide if they need to be changed or eliminated.

Relate the concept of rules to their larger community. Ask, "What rules must your parents obey when driving a car?" "Can you take your friend's bike because you want it?" Explain that rules are made to protect people and keep order.

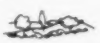
From this activity, students should learn decision-making techniques, the democratic process of voting, consequences of decisions, and new vocabulary words.

IV. Build a Neighborhood

blocks • community services • interdependence

Children need to be aware of the services in their community and their relationship to each other. Have the children build a neighborhood in the block center. Provide props so many public service areas may be included, i.e., police stations, fire stations, schools, libraries, parks, etc. Add figures of the community helpers the government provides to the community. Remove one public service figure (e.g., police officer or teacher) and ask the children how the community would be *without* this person. Place that person back in the neighborhood and remove another (firefighter, for example). Ask, "Will the neighborhood be all right without this person?" "Do they think the police officer, the teacher or the school might need the firefighter?" This will lead children to realize the interdependence of community workers and of people, in general. Continue this activity over several days so all children grasp the concept.

Task card for block center:

1. Build your community.
2. Add a police station.
3. Add a fire station.
4. Add a school.
5. Add a post office.
6. Add a library.
7. Add a park. 

As an evaluation, ask questions such as:

- Who do you think is the most important person in our community?
- Who do you think is the least important person in our community?
- Which public service is most important?
- Which public service could you do without?
- Do we need *all* the public services in our community? Aren't they *all* important?

Have students draw a picture of one community worker helping someone or doing his/her job.

V. Division of Labor

science • observation • critical thinking

The concept of interdependence comes across by observing others at work. Understanding that each member should contribute or do his/her part is an important and necessary skill for people living in a democratic society.

Make an ant farm with the children so they can observe how each worker has his/her own job to do. (Ant farms may be purchased commercially or made with an aquarium by the teacher.) Provide magnifying glasses for close inspection. Ask questions such as the following during observation time:

- Are all the ants working?
- Do they work together or alone?
- What kind of work are they doing?
- Do they have different jobs?
- Why are they working?

Explain that the way ants work to get all the jobs done in *their* community is similar to the way people work to get all the jobs done in our own community.

Kids Who Pay Taxes

by Jan Stafford

Jan Stafford has been teaching for ten years in the Clovis Unified Schools in California, where she has also worked on a three-member team developing economic curriculum for the DEEP project. She and her team members were guest speakers at the annual meeting of the California Council on Social Studies in Los Angeles this past March.

Government in the Community

For the young child, the word "taxes" is an abstract term from the adult world. Children have no concept of how or why taxes are paid, nor of the importance of the taxation process to the American way of life.

Children must be involved in concrete experiences which they can relate to their own life before they can grasp such abstract concepts. The following activities have been designed to allow that transfer of learning to take place by having the child experience employment, taxation and the benefits of public services provided through government.

Student Goals

The student will:

1. Understand what taxes are and how they are paid.
2. Understand that the government collects taxes in order to provide public goods and services.
3. Recognize the benefits provided by public services, through taxation.

Teaching Activities

I. Classroom "Mini-Town"

reading • spelling • handwriting • math

Start your own classroom mini-town in which workers pay income taxes from wages earned. Start by listing all available jobs needed to run your town efficiently (equipment manager, desk inspector, teacher's guide, etc.). Some jobs may require more than one student. Use a large chart, listing jobs and salaries. Have students fill out applications and send the employee reference note home to parents.

Note to Parents:
Your child has applied for a job in our mini-town, Cowpoke Junction. If he/she performs the job duties satisfactorily, a pay check will be given at the end of a week — minus the income tax. The tax money will be used to supply necessary items to help our town run better (pencils, crayons, etc.) The remainder of the check will be deposited in the Cowpokes' Community Bank to be spent when the Student Store opens.

Your name has been given as a reference. Please write a short paragraph about why I should hire your child. Thank you.

Hire employees. After one week, issue pay checks but withhold a certain percent of the expected weekly pay (I used 10%). Do not tell the children that you are going to withhold any pay.

STUDENT CHECK Date: _____

Pay To The Order of: _____ $ _____

_____ dollars

Cowpokes' Community Bank
Clovis, California 93612
Elementary School Branch

Memo: _____

Mayor of Mini-Town (teacher) _____

When they begin comparing the amount on the check with the amount on the chart, they will ask why there's a difference. Now you can have a class discussion telling them that you did just as our government does to their parents' checks and that the money withheld pays for public services in their community (give examples). Now *they* will receive a public service. Total the amount withheld from each check. When they see how the taxes are collected in their town and totalled on the chalkboard, tell them that their tax money is being used to provide them with new pencils (or other supplies or services) and that these things will be provided to them without having to pay any more money . . . just as our government does! Ask if they have to pay each day to come to school, or use the library. Do the police officers and firefighters ask to be paid by your parents if they are called to your home to help? Explain that these are some of your government services paid with tax money.

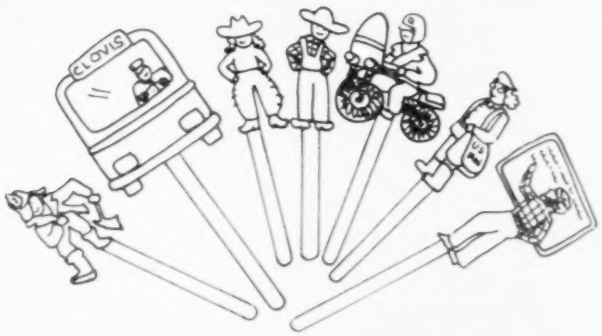
II. The Kids Who Paid Income Taxes

listening skills • reading • dramatic play

The purpose of this skit is to teach the benefits received from government as a provider of public services. A pattern can be made for each character to present the skit as a flannelgraph story or as a stick puppet show. While children read the parts, record the play for future presentation using the puppets.

Ask children if they know who pays the salary of the fireman, policeman and postman. Tell them that workers give a portion of their salary to pay taxes which pay the salaries of these and other employees. Ask the children to listen closely to the following skit and they will understand what it means to pay taxes:

PARENT CORNER: *When traveling in the community point out to your children those workers who provide services to people — mail carriers, teachers, police officers, librarians, firefighters — and explain that all people pay for these services through taxes.*



THE KIDS WHO PAY INCOME TAXES

Select characters: *Sammy Star, Susie Star, policeman, fireman, bus driver, teacher and postal worker.*

Narrator: It has always been the dream of Sammy and Susie to own a horse. They had been saving their allowance for months but had not been able to save the amount they needed. As our story opens, the children are trying to think of a way to make some money.

Sammy: We've got to think of some way to earn some money.

Susie: Why don't we sell T-shirts? You could clean out the garage and use that for a factory. We could paint each kid's name on the front and make a colorful design around it.

Sammy: That's a good idea.

Narrator: So the kids get busy and in no time at all, the Stars' bank account begins to grow.

Susie: Wow! We'll have that bank account in no time, maybe a few more weeks.

Sammy: I want to talk to you about something. You know how grownups give part of their earnings to the government to pay their taxes?

Susie: What's government? What's taxes?

Sammy: The government is an agency that collects parts of people's money and in return helps people in need and gives us services like police and fire protection.

Susie: You mean, they take money from hard working, honest people like us?

Sammy: Yes, but not *all* of your salary, only a part. I think we should pay a part, too.

Susie: You what? No way; we're only kids!

Sammy: Let's go talk to some of the people whose salaries are paid by taxes and if you still feel that way, we'll forget it and keep all our money.

The policeman enters

Policeman: Hi, kids. Come on in. We're very busy today. I just left the scene of an accident where I had been directing traffic for hours until the traffic signal could be replaced.

Susie: You have a very important job!

Policeman: Thank you, Susie.

Sammy: We have to go now. Thank you for talking to us. (He turns to his sister and says:) How would you like to be without *his* services?

Susie: No thanks. Let's go down to the fire department.

The fireman enters and says:

Fireman: Hi, kids. (Bell starts ringing and fireman starts running). I've got to go put out a fire!

Susie: Did I remember to turn off the burner under the skillet?

Sammy: No, but I did! How important is his job now?

Susie: Very . . . especially if it's *our* house that's on fire!

Sammy: How do you feel about taxes now?

Susie: Well, I can see it's important, but . . . Hey, there's our teacher, Mr. Jones.

The teacher, Mr. Jones, enters

Mr. Jones: Hello. Say, I'm looking for some new books for our class . . . any ideas?

Susie: Sure. How about a book on horses?

Mr. Jones: Good idea. I'll teach a unit on horses. It's fun to learn about animals. See you later.

Teacher exits

Sammy: His salary is paid by taxes, too.

Susie: It would be a harder life without the people who help us. Let's take the bus home, I'm tired.

Sammy: Sure. By the way, guess who pays the bus driver's salary . . . people, with taxes.

Bus driver: Hi! Welcome aboard!

Narrator: As the children ride home, they see the postal worker. She waves and Susie says:

Susie: Let me guess. Her salary is paid with taxes, too. Right?

Sammy: That's right. Now how do you feel about paying your taxes?

Susie: I'm convinced!

Narrator: So, the kids send a part of their earnings to City Hall along with a letter explaining what the money is for. In a few days, all the public employees come to see Susie and Sammy.

All puppets enter

Policeman: We were so proud of you for paying your taxes that we all want to order T-shirts for everyone who works for the government in our city.

Mr. Jones: Everyone at school wants one, too!

Susie: Wow! Now we can buy our horse.

Sammy: I'm glad you changed your mind about taxes!

(All characters bow and exit)

EVALUATION

- Do the children realize that money collected by the government pays for public services?
- Ask the children how many of them knew that the salaries of all public employees were paid with taxes. Tell them that taxes are used for many other things too, such as building and maintaining highways, bridges, hospitals, housing, Army tanks, Navy ships, etc.

Government Realized!

by Ginny Clark

Ginny Clark is presently an instructor of a teacher-effectiveness program in the Iowa City Community School District, Iowa City, Iowa. She has formerly been a media specialist, kindergarten, second and fourth grade teacher. One of her goals in teaching is to give concrete meaning to abstract concepts.

Government in the Community

Government tends to be an abstraction to third and fourth graders. To make government more concrete for students, it is important to study and illustrate how government plays an active role in their lives.

The government is visible in their lives as their families use parks, schools, roads, police and fire departments. Perhaps a family member or close friend works for the government or is in the military. Some families may receive benefits from a social service agency.

"Taxes are a fact of life," so the saying goes. What do we receive in return for our contributions? The government uses tax money to provide the public with goods and services. The returns materialize in many forms, such as the financial support for social service agencies or the underwriting of a building project. As citizens we all pay taxes, but we might not use the service provided or agree with how the tax money is spent.

All these concepts can become tangible to students by having them participate in various activities that add meaning and understanding to this abstract topic.

Student Goals

1. Develop awareness that everyone has some involvement with the government in their community.
2. Visualize the government's role as an employer in the community.
3. Realize that all members of the community pay (through taxes) for public goods and services which they may or may not use.
4. Increase understanding of social services — their purposes and funding.
5. Learn how citizens may have input into the community decision-making process.

Teaching Activities

I. Personal Shield

observation • analysis • art

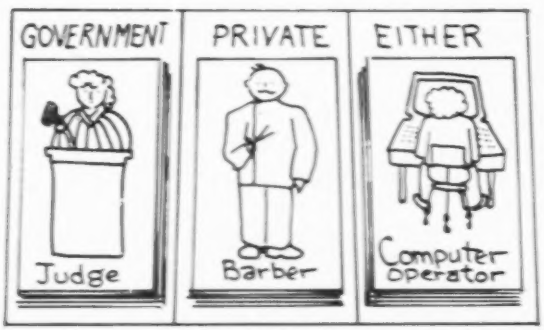
This activity reinforces the idea that each of us is involved with the government. This is an individual activity that encourages parent involvement. Each child will make a shield out of construction paper. (It might look like the one illustrated.) The shield should be divided into 4 or 5 sections. In each section they should draw a picture or symbol representing how they and their families are involved with the government. (The illustration shows possible symbols.) You might involve parents by having the students plan a rough draft of their shields with their parents. This activity serves as an excellent introduction to a unit on Government in the Community. The students' knowledge can grow from their families to the broader spectrum of their town, county, state or national government.

II. Who Pays My Salary?

critical thinking • supporting decisions

This is a sorting activity that reinforces the idea that government has a visible role in the community as an employer. This may be an individual activity, or 2-4 people may play at a center. Have pictures of people doing various kinds of work pasted on 3 x 5 cards. The game board has 3 labelled columns (GOVERNMENT, PRIVATE, EITHER) with space for the picture cards below each heading. Students draw cards from the pile and decide which establishment (Government, Private or Either) would pay the salary of the pictured worker. After placing the card in a column the student would give justification for his/her choice. (Example: picture of worker at a computer — "I put this worker under EITHER because he/she could be working at the computer in the courthouse and the government would pay the salary. But he/she could be working at Macy's, then the private company would pay the salary.") If a student is playing alone a simple written justification

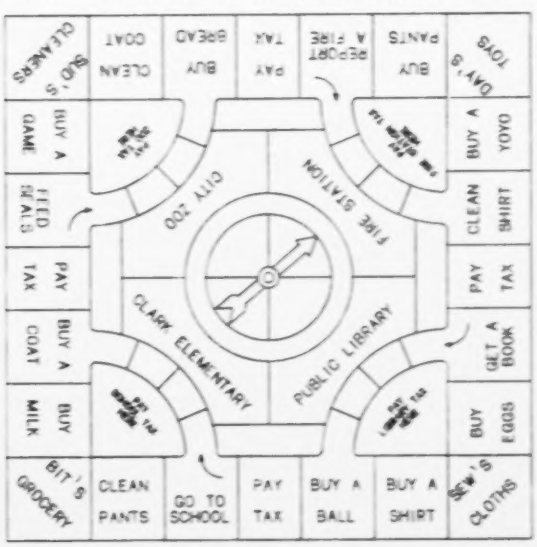
could be required or an audio cassette recording could be made. At the end of the sorting activity the student(s) should compare how many cards are in each stack. Through this comparison, they will begin to realize the government's role in their community as an employer. Check to see if the students are grasping this idea by having them verbalize or write their conclusions.



III. Tax Us!

following directions • concept building

To help students recognize the difference between public and private goods and services and how taxes operate, have your students play the following game. Four students can play at one time. Each student owns one of the stores at the corner spots on the game board.



Each student receives 10 chips, each chip representing one unit of money. The players roll a die to determine who starts (high roll). Each player starts at his/her store. The player who starts rolls one die. (S)he proceeds clockwise that number of spaces and does what the space directs. When directed to pay for a good or service (BUY COAT, BUY EGGS), the player pays by giving that store owner a unit of money. When a player lands on a "PAY TAX" space, that player must spin the spinner. The spinner will point to a public service and ALL players must pay that public institution one unit of money which represents tax money. (By having each consumer pay store owners individually and having ALL players (consumers) pay taxes, the pubic and private money flow is illustrated.) When the players land on a public service (zoo, library, fire station, school) they use the service without additional cost. The tax money units they have paid to the public institution allow them all to use those spaces without additional direct charge. The game is over when the teacher calls time or when someone runs out of money. A conclusion that students should reach is that we all pay taxes but we might not all use the services equally, and we pay for private services individually.

IV. Social Service Sense

collecting data • questioning • oral reporting

The purpose of this activity is to increase students' understanding of social services and how they are funded. Teams of students will make a report to the class on a chosen social service organization. To introduce this topic, define social services as organizations that support the well-being of individuals within the community (i.e., healthcare, housing, counseling needs, etc.). Get multiple copies of your local phone book. Have the students look up SOCIAL SERVICE ORGANIZATIONS in the yellow pages. Read the list together as a class. Divide the class into pairs or trios. Have each group choose one service organization to investigate. As a class, generate questions each group might use in the investigation. Possible questions might be:

- What is the purpose of your organization?
- Who would benefit from your service?
- How do you get money to operate your organization?
- If I needed your service, how would I go about getting it?

Each team will then contact its service organization (in person or by phone) to have its questions answered. Conduct a mock telephone interview to teach students how to introduce themselves and explain the purpose of their call.

The final presentation will be an oral report given by each group, disclosing the information about each social service organization. Conclusions students should draw from this activity focus on the idea that tax money helps many people with different needs; taxes keep these organizations operating; we all pay taxes; and, we don't all use every service funded with tax money. (Some of the social services which students found in the Iowa City directory are: Association for Retarded Citizens, Crisis Center, Community and Home Health Service Agency, Iowa City Residence for Women, Project HOPE, United Action for Youth, and Youth Homes, Inc.) Students can also refer to city, county, state or federal government listings in the telephone directory. After scanning department listings, conduct a short question and answer session to determine which provide social services.

Sink or Swim?

by Carol Allen

Carol Allen currently teaches English and reading in grades seven and eight; she previously taught fifth and sixth grade language arts and social studies. She contributed to the DEEP curriculum project to implement economic education in grades K-12 in the Fayette R-III Schools in Fayette, Missouri. Carol holds a Masters of Instruction degree in Economic Education from the University of Delaware.

Government in the Community

By the time students have reached the fifth and sixth grade, most have developed some concept of government. This may be a result of watching TV news, or from hearing adults talk of "big government" or tax increases. The understanding of government the students possess may or may not be an accurate one.

In any case, government *does* affect students of all ages: the water used when brushing their teeth in the morning probably is provided from a municipal water supply; their school lunch is partially supported by federal and/or state funds; and, they probably paid a sales tax on the new notebook they bought for school.

It is important that students have an accurate understanding of the role of government in the community, and the reasons government performs the functions it does. Students should also understand that governments face scarcity: that is, unlimited wants and limited resources. Governments cannot provide *all* things to *all* people: there are trade-offs involved.

Our democracy allows for divergent opinions regarding the scope of government activity in the community. Our goal should be to provide our students basic understandings of the functions of government, and the ability to use sound reasoning skills to develop their opinions.

Student Goals:

1. Realize governments face the problem of scarcity — unlimited wants and limited resources.
2. Recognize that government actions affect other sectors of the community and the economy as a whole.
3. Consider short- and long-term effects of government actions.
4. Weigh costs and benefits of actions by government.
5. Begin to use marginal decision-making skills.

Teaching Activities

I. What Should Government Provide?

decision-making • social studies • composition

Students know that government provides us with *some* goods and services. Have students, working in groups, list goods and services government provides its citizens. Students should list as many as possible. Next, ask students to add to their lists, other things they think governments *could* provide for people in a society. (Examples: a computer for every school, summer camps for city children, clothing and food for all poor people, a car for every family who needs one, free college education or vocational training.)

After the lists have been compiled, pose these questions to the students:

1. How would governments pay for these goods and services? (taxes)
2. Would there be enough tax money (revenue) to provide all the things (wants) you've listed? (No)

Explain the following statement and assign the tasks below: "**Since governments, just like individuals or families, don't have enough money and resources to provide for *all* of people's wants and needs, some decisions must be made regarding *how* to use the tax money available. Governments, like people, face the problem of scarcity.**" Each group should go through its list and decide the following:

1. Rank the goods and services you have listed (using 1, 2, 3, etc.), according to which you feel are most important for government to provide. List your reasons for including this good/service in your list.
2. In order to provide these services, government must tax members of society. Next to each service you have listed, note what type of tax should be used to pay for this service: General Tax (everyone pays) or User Tax (people using the good or service pay, as with a sales tax). Also, note the reasons for deciding on this type of tax.
3. What would be some effects of government providing this service? (Consider short- and long-term effects. For example: Although an immediate problem may be solved, in the long run will all people benefit from this good/service?)

Each group should appoint or elect a spokesperson to report their decisions to the class. On the board, list the goods and services suggested by the groups. Pose the following questions for use in a discussion, in a written assignment or in a debate:

- Could some of the services be provided by private business? Which ones?
- What would be the advantage (benefits) and disadvantages (costs) of having these services provided by government?
- As time goes on, will the *costs* of having government provide this service continue, decline, or increase? (Would more people, in time, want and expect this good or service?)

PARENT CORNER: *When conducting business with a government agency (renewing your driver's license, paying property taxes, registering to vote) take your child along and acquaint him/her with the day-to-day functioning of government.*

II. Sink or Swim?

decision-making • cost-benefit analysis

To introduce the concepts of marginal decision-making and sunk costs, relate the following situation to your students: **A friend of mine, who is your age, has a decision to make. Her parents gave her their old stereo, and she used some of her allowance to buy a new needle for it, so it could work well. She also bought some albums to play on it. Now, her brother has said that she can have his radio/tape player, since he is buying a new one. This is portable and she really wants to use it. It plays cassette tapes. She doesn't have enough allowance to buy *both* records and tapes. Should she continue to buy albums, since she already has money invested in the stereo, or just buy tapes so she can use the radio/tape player?**

Elicit individual opinions, listing reasons for one decision or the other on the chalkboard. Point out to students that the fact that she has invested money in the stereo in the past need not be a major factor in what she should do in the future. It is, in fact, "sunk cost."

The following simulation uses the concept of marginal decision-making. Assign roles to students, with pertinent information on index cards. Students should have an opportunity to study their individual cards and plan for their roles.

Situation: **Your city has a municipal swimming pool which has been in operation for 50 years, and has been modernized and kept in good repair by the city. Two years ago a college in your city built a pool, which is also open to the public during the summer. Since the new pool was built, more and more townspeople have been using it, although some still prefer the older pool. The city council has to decide whether to open the city swimming pool this summer, or to close it.**

City Manager: I recommend not opening the pool because of the costs involved: maintenance, salaries for life guards, water, chlorine, and other supplies.

Adult Man: I want the city pool to open. Fewer people use it. I don't swim well, so I prefer the city pool. I pay taxes in this city and therefore the city should have a pool for me to use.

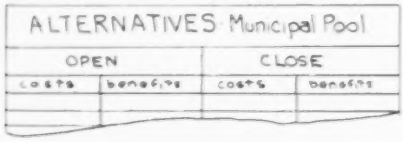
Older Woman: For as long as I can remember, this city has operated its own pool. It's tradition. It would be "wasteful" to have the pool just sit there!

Businessman: If the pool is to be run, the admission should be increased a great deal to make up for the decline in attendance. The pool should "pay its own way." But if the price is increased too much, then even fewer people will use it. I recommend it be closed, if it can only operate at a loss.

Mother of Three Small Children: We live close to the city swimming pool and my children can walk to it. The newer pool is across town, so they can only use *that* pool if I drive them there.

Adult Woman: I don't think it makes sense to use *my* taxes to pay for something only a few people use.

After hearing the various opinions, tell the class that the editor of the local newspaper is seeking information on the "pool" issue. Have students write a "letter to the editor" expressing an opinion pro *or* con (not both) as to whether the pool should be opened. After all opinions are in, a City Council of 3 students should consider the testimony and weigh the alternatives — to Close or Open the Pool. It would be best to have the city "mayor" list briefly the costs and benefits of the two alternatives on the board. The council should then reach its decision by analyzing each of the costs and benefits of either decision.



III. Tax Changes and Their Effects

math • drawing conclusions • language arts

Let's pretend you have a part-time job making $40 per month. Of that amount, 5 percent is withheld as tax. How much money do you actually get? ($38). What are some things you can do with that money?

Now, the income tax rate is changed from 5 percent to 10 percent because the government needs more money to provide goods and services for people and/or pay past bills. How much has your tax increased in dollars? ($2). Now, with the new tax, how much money do you get from your job? ($36).

What would be some changes you would make in your spending and saving? Explain that their parents must make similar decisions. Pose these questions and ask students to consider them in writing a news article, or in drawing a diagram that illustrates the effects of a tax increase.

1. What effect will a tax increase on *your* pay have on businesses in your area (arcade, movie theater, skating rink, record store)?
2. What effect will the tax increase have on the bank where you have your savings account?
3. What effect will the tax increase have on the amount of goods and services provided by government, and on the number of people employed by government?

To conclude the class discussion, have students read their news articles to the class. Then discuss: What effects would a tax *cut* have on business, on savings, on government?

(continued from page 3)

tial services and that the burden of contribution might not be "fair" has led us to reject this method.

A second way would be for government goods and services to be paid for by those who receive the benefit. (Parachutes and police protection would be paid for in the same way that we pay for private items, such as shoes and movies.) There are two main reasons for not using this so-called "*benefits-received*" approach more than we do. First, for some government services like welfare and mental hospitals, it would be a contradiction to ask the recipients to pay. Second, it is often impossible to measure the benefits of the government services in a precise "price tag" manner. For example, does the 80 year old millionaire benefit more or less from national defense than the 16 year old daughter of a farmer? Who benefits from public education? A child learns to read, write and think, but all of society benefits when citizens possess the basic skills necessary to be productive citizens.

The third way to pay for government services is by *compulsory contributions* called "taxes." In adopting this approach, American governments have decided that each person or family should contribute *according to its ability*. Sometimes we measure ability to pay taxes by *wealth* (estate taxes); sometimes we measure ability by *income* (income taxes and, to some extent, the employee's share of Social Security Taxes); sometimes we measure ability by a person's *standard of living* (sales taxes), or according to their ability to buy taxable items (cosmetics, cars, jewelry, appliances).

Some citizens feel that the tax rate should rise as the individual's income rises, since those with higher income are more able to pay (progressive tax). The justification for this type of tax is based on the belief that wide differences in income should be evened out by the government. There is a common belief that the middle class carries the heavier tax burden. However, when researchers lump together all the tax dollars paid by a family (income, property, sales taxes, etc.) and divide the total by the family's income, studies conducted in the mid-seventies reveal that most Americans bear very similar tax burdens. It turns out that the bottom ten percent of the population (the poor) pay effective (actual) tax rates slightly *above* average and the top three percent (the very rich) pay tax rates *above* average. But, the main bulk of Americans (the 87 percent of our population in between) all pay roughly the same effective tax rates, averaging about 22 percent of their income. In other words, when we lump together all the taxes each household pays to governments (federal, state and local), our total tax structure is a proportional one; that is, the percentage of tax stays the same as the taxpayer's income rises.

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